

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TENNESSEE**

In re:)	
)	Case No. <u>09-51245</u>
NATCO, INC.)	Chapter 11
Debtor.)	

NATCO, INC.)	
Plaintiff,)	
v.)	Adv. Proc. No. 09-05047
HONORABLE DOROTHY M. LUNDIN,)	
CLERK OF THE 25 JUDICIAL)	
DISTRICT COURT FOR THE)	
PARISH OF PLAQUEMINES;)	
ENVIRONMENTAL OPERATORS,)	
L.L.C; TRAVELERS CASUALTY &)	
SURETY COMPANY OF AMERICA;)	
PLAQUEMINES PARISH GOVERNMENT.)	
Defendants.)	

**RESPONSE OF NATCO, INC. TO DEFENDANT, THE HONORABLE
DOROTHY M. LUNDIN, CLERK OF THE 25TH DISTRICT COURT FOR THE
PARISH OF PLAQUEMINES' COUNTERCLAIM AND CROSSCLAIM FOR
INTERPLEADER**

Comes NATCO, INC. (hereinafter "Debtor") by counsel and for answer to the Counterclaim For Interpleader filed by Defendant, The Honorable Dorothy M. Lundin, Clerk of the 25th Judicial District Court for the Parish of Plaquemines (hereinafter "Lundin") respectfully states as follows:

1. In response to Lundin's paragraph #1 in the Counterclaim, the allegations contained therein are admitted.
2. In response to Lundin's paragraph #2, Debtor admits that it entered into a contract with Plaquemines Parish government ("Plaquemines Parish") for a Hurricane

Katrina removal project and would further state that said contract speaks for itself. Debtor admits that subsequently it entered into a non-hazardous waste deposal service agreement with Cross – Defendant Environmental Operators, L.L.C. (“Environmental Operators”) wherein Environmental Operators agreed to accept certain debris which the Debtor was to remove pursuant to its contract with Plaquemines Parish.

3. In response to Lundin’s paragraph #3, Debtor admits that a dispute arose between the Debtor and Environmental Operators on the language in the contract setting forth the methodology in arriving at the compensation to be paid to Environmental Operators by the Debtor. As a result of this disagreement Environmental Operators attempted to file a lien in the State District Court to interpret and enforce the alleged agreement with the Debtor.

4. In response to Lundin’s paragraph #4, Debtor admits the allegations set forth therein.

5. In response to Lundin’s paragraph #5, Debtor admits that Lundin is holding the funds set forth in paragraph 5 (“Registry Funds”) and would further state that the Registry Funds belong to the estate of Natco, Inc., as a Debtor-in-Possession. Debtor contends that the Registry Funds are needed in its reorganization and that said Registry Funds should be turned over to it immediately as provided under 11 U.S.C. §§542 and 543.

6. In response to Lundin’s paragraph #6, Debtor does not object to this paragraph and would request that the Court allow the Registry Funds to be interplead.

7. In response to Lundin’s paragraph #7, it is Debtor’s position that it is the sole party entitled to claim the Registry Funds. Debtor denies that Travelers Casualty &

Surety Company Of America ("Travelers") has a priority interest over these Registry Funds since Environment Operators has no lienable interest under Louisiana Law, therefore Travelers has no right of equitable subrogation. Further, it was not the intent and purpose of the Agreed Order entered by this Court on June 3, 2009 to transfer any rights to the Registry Funds at issue in this case.

8. Any other matters set forth in Lundin's Counterclaim not hereinbefore addressed are hereby denied.

WHEREFORE, after having fully responded Debtor requests the Registry Funds be allowed to be interplead and that this matter be set for further hearing(s) to determine the ownership of said Registry Funds and that Debtor have any other and further relief to which it may be entitled.

Respectfully submitted.

NATCO, INC.
-Debtor-in-Possession-

/s/ FRED M. LEONARD
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CERTIFICATE OF SERVICE

I hereby certify that on September 18, 2009, I filed the above Response with the United States Bankruptcy Court for the Eastern District of Tennessee using its CM/ECF Electronic filing system. The following parties will receive copies of these documents. Notice of this filing will be sent by operation of the court's electronic filing system to all parties on the electronic filing receipt. All other parties, if any, have been served by hand delivery, overnight deliver, facsimile transmission, or by mailing a copy of same by United States Mail, postage prepaid.

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